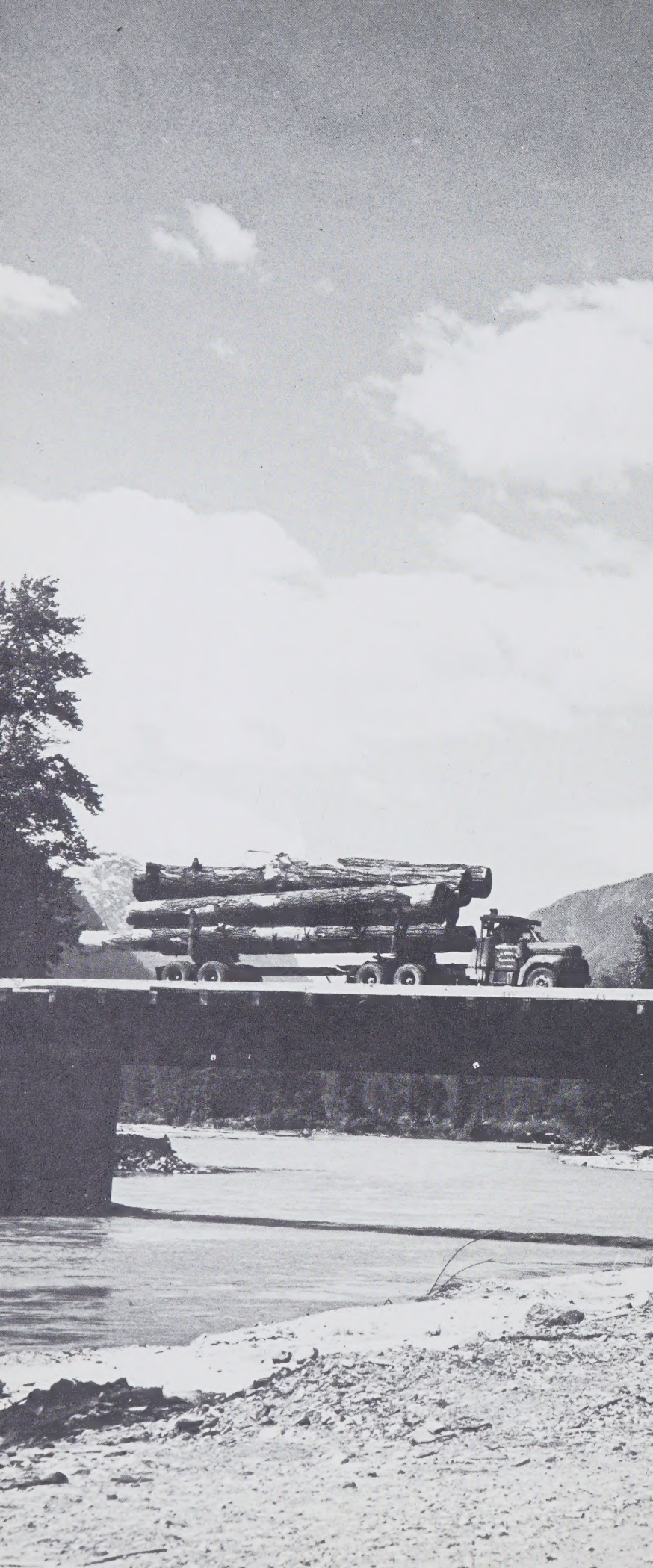


AR08

Seventh Annual Report

Year Ended December 31, 1970

WELDWOOD
OF CANADA LIMITED



DIRECTORS

Sander P. Alexander
John Bene
Gordon Bowell
Pit Desjardins
J. O. McCutcheon
Roger Montgomery
Alexander G. Rankin
Forrest Rogers
Geoffrey H. Tullidge
H. Richard Whittall

OFFICERS

Gordon Bowell, president & chief executive officer
Thomas A. Buell, vice-president, manufacturing
Pit Desjardins*, vice-president, resources management
Donald M. Jacquest, vice-president, finance
Esmond R. Preus, vice-president, coast logging
J. Peter Rogers, vice-president, central manufacturing
S. E. Banning, comptroller-treasurer
Colin Warner, assistant to president
Henry F. Green, secretary
*also president, Cariboo Pulp & Paper Company

Executive offices:
1055 West Hastings, Vancouver 1, B.C.

Postal address:
P.O. Box 2179, Vancouver 3, B.C.

Share transfer agents:
The Royal Trust Company, Vancouver, B.C.;
Winnipeg, Man.; Toronto, Ont.; Montreal, P.Q.

Bankers:
Bank of Montreal
The Royal Bank of Canada
The Canadian Imperial Bank of Commerce

(The above is a listing of directors and officers as of March 22, 1971)

Weldwood builds and maintains its own roads and bridges in its Tree Farm Licences. The bridge in the photo spans the Squamish River, about 20 miles north of Squamish, B.C., where the Company operates a large hemlock sawmill.

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We regret to announce that James D. McCarthy died recently following a lengthy illness. He had been Vice-President, Manufacturing, and a Director of the Company. He joined a predecessor company in 1946 and his broad knowledge of the wood products industry and superlative qualities of leadership contributed greatly to the growth of the Company.

FINANCIAL HIGHLIGHTS

YEARS ENDED DECEMBER 31	1970	1969
Sales	\$119,748,000	\$137,078,000
Increase (decrease) over preceding year	(12.6)%	5.1%
Net Income (loss)	\$(930,000)	\$ 6,315,000
Increase (decrease) over preceding year	—	(5.4)%
Net Earnings (loss) (after Preference Share Dividends)	\$(1,399,000)	\$ 6,026,000
Per Common and Ordinary Share	\$(.46)	\$1.98
Dividends Per Share		
Preference — Series A	\$1.05	\$1.05
— Convertible	\$.82	—
Common	\$.50	\$.50
Ordinary	—	—
Cash Flow from Operations*	\$ 6,132,000	\$ 12,507,000
Per Common and Ordinary Share	\$2.02	\$4.12
Ratio of Current Assets to Current Liabilities	2.32	2.12
Capital Expenditures		
Plant, Property and Equipment	\$ 5,660,000	\$ 6,103,000
Timber Holdings	\$ 4,085,000	\$ 1,036,000
Logging Development	\$ 2,041,000	\$ 1,799,000
Long Term Debt	\$ 13,124,000	\$ 13,497,000
Shareholders' Equity Per Common and Ordinary Share	\$15.48	\$16.08

*Cash flow is Net Income plus Depreciation, Depletion and Amortization and Change in Deferred Income Taxes.

FINANCIAL SUMMARY

Years ended December 31

SALES AND EARNINGS (\$000)	1970	1969	1968	1967	1966	1965
Sales	119,748	137,078	130,470	113,993	103,634	98,973
Cost of Sales	105,302	107,900	101,290	93,349	86,763	82,471
Selling, Shipping and Administrative Expenses	14,851	14,834	13,763	13,504	12,444	10,805
Depreciation, Depletion and Amortization	6,162	6,092	5,455	6,027	6,643	6,075
Interest Expense — Current	1,142	653	291	947	1,141	606
— Long Term	876	872	927	983	1,045	1,141
Income Taxes (recovery)	(1,041)	7,719	8,400	2,900	1,915	2,600
Net Income (loss)	(930)	6,315	6,677	2,585	1,806	1,886

SHAREHOLDERS' FINANCIAL DATA

Dividends paid on Preference Shares (\$000)	469	289	289	289	230	—
Dividends paid on Common Shares (\$000)	400	400	400	400	400	400
Net Income Retained in (Flowing from) the Business (\$000)	(1,799)	5,626	5,988	1,896	1,176	1,486
Net Income (loss) per Common and Ordinary Shares (\$)	(.46)	1.98	2.10	.76	.52	.62
Common Shares Outstanding	800,000	800,000	800,000	800,000	800,000	800,000
Dividends per Common Share (\$)	.50	.50	.50	.50	.50	.50
Number of Common Shareholders	2,136	2,170	2,685	3,863	4,007	3,988
Ordinary Shares Outstanding	2,237,682	2,237,682	2,237,682	2,237,682	2,237,682	2,237,682
Number of Ordinary Shareholders (Note 1)	1	1	1	1	1	1
Preference Shares Outstanding	495,000	275,000	275,000	275,000	275,000	—
Number of Preference Shareholders	4	2	2	2	2	—

BALANCE SHEET ITEMS (\$000)

Current Assets	44,448	52,299	41,759	40,541	47,718	43,413
Current Liabilities	(19,147)	(24,635)	(17,828)	(19,946)	(30,505)	(27,540)
Working Capital	25,301	27,664	23,931	20,595	17,213	15,873
Investments and Deferred Costs	2,503	3,019	3,226	3,371	3,786	2,484
Timber Holdings and Logging Development, Net	17,430	14,243	14,572	15,427	17,501	19,608
Plant, Property and Equipment	66,486	58,525	54,739	52,821	54,551	53,419
Less Accumulated Depreciation	(36,044)	(29,803)	(28,236)	(26,906)	(25,380)	(23,304)
Long Term Debt	(13,124)	(13,497)	(13,807)	(16,411)	(20,356)	(23,025)
Deferred Income Taxes	(6,700)	(5,800)	(5,700)	(6,160)	(6,475)	(5,537)
Minority Interest	—	—	—	—	—	(5,353)
Preference Share Capital	(8,800)	(5,500)	(5,500)	(5,500)	(5,000)	—
Common Share Capital	(8,752)	(8,752)	(8,752)	(8,752)	(8,752)	(8,752)
Ordinary Share Capital	(17,437)	(17,437)	(17,437)	(17,437)	(17,437)	(17,437)
Contributed Surplus	(4,644)	(4,644)	(4,644)	(4,644)	(4,644)	(4,644)
Retained Earnings	16,219	18,018	12,392	6,404	4,507	3,332

OTHER STATISTICS

Cash Flow from Operations (\$000) (Note 2)	6,132	12,507	11,672	8,296	9,387	9,175
Cash Flow per Common and Ordinary Shares (\$)	2.02	4.12	3.84	2.73	3.09	3.02
Ratio of Current Assets to Current Liabilities	2.32	2.12	2.34	2.03	1.56	1.58
Plant & Logging Facilities						
Net Book Value (\$000)	31,160	28,415	25,609	24,062	27,053	27,358
Undepreciated Capital Cost (\$000)	18,092	16,950	14,100	12,655	14,133	Not Available
Interest on Long Term Debt — Times Earned	—	17.1	17.3	6.6	4.6	5.2
Interest on Total Debt — Times Earned	—	10.2	13.4	3.8	2.7	3.7
Number of Employees	3,880	4,190	4,175	4,260	4,223	4,596

PRODUCTION STATISTICS

Softwood Plywood (M sq. ft. 3/8")	430,746	464,257	457,970	442,297	421,547	401,618
Hardwood Plywood (M sq. ft.)	32,752	41,757	42,283	38,373	36,257	25,452
Softwood Lumber (MFBM)	321,344	274,936	325,839	307,956	247,696	254,769
Hardwood Lumber (MFBM)	25,014	23,226	23,007	22,765	26,430	18,090

NOTES — 1. Ordinary Shares are entirely held by U.S. Plywood-Champion Papers Inc.

No dividends have been paid on these shares.

2. Cash Flow is Net Income plus Depreciation, Depletion and Amortization and Change in Deferred Income Taxes.



GORDON BOWELL

Gordon Bowell is the newly-elected president & chief executive officer of our company. He succeeded Roger Montgomery who has moved to New York to become president & chief operating officer of the Building Materials Group of U.S. Plywood - Champion Papers Inc., which owns 74 per cent of Weldwood of Canada. Mr. Montgomery, who continues as a director of Weldwood, has also been elected a member of the board of directors and an executive vice-president of the parent company.

Mr. Bowell was formerly president & chief executive officer of Rayonier Canada (B.C.) Ltd., which he joined in 1964. He had previously been with MacMillan Bloedel Ltd., rising to the position of vice-president and general manager, pulp and paper. He was recently re-elected chairman of Seaboard Lumber Sales Co. Ltd., a cooperative export selling organization of which Weldwood of Canada is a member.

He was born in Vancouver, graduated from Queen's University with a bachelor of arts degree in economics (honors) and won a Rhodes Scholarship. He holds an MBA from the Graduate School of Business Administration, Harvard University. During

TO OUR SHAREHOLDERS:

During the year ended December 31, 1970 your Company had a net loss, after payment of preference share dividends and allowances for income tax refunds, of \$1,399,000 or 46 cents per common and ordinary share, compared with a net profit of \$6,026,000 or \$1.98 per share in 1969.

Net sales in 1970 were \$119,748,000, compared with \$137,078,000 for the preceding year.

The year 1970 was one of severely depressed conditions in our main market areas, the selling of lumber, plywood and other building materials for housing, other construction and related activities.

The efforts of both the Canadian and U.S. governments to control inflation resulted in tight monetary policies, in very high mortgage costs, in drastic credit restrictions, and in a sharp drop in spending on housing and general construction. These were all external factors beyond our control. Their impact has now run its course, and the general consensus of forecasts is that housing will make a marked resurgence in 1971. The cumulative effect of the 1970 deferrals of demand for housing, added to the normal 1971 demand, gives indication of good markets for lumber and plywood in the year ahead.

UNAVOIDABLE LOSSES

As stated in our quarterly reports, our operations suffered severely from the effect of labor disruptions in closely related industries. There was a six week towboat strike, a lengthy strike of eight pulp mills, two B.C. longshoremen strikes, and a work stoppage of construction trades that lasted almost three months. We were not a party to any of these disputes, but they resulted in extremely heavy losses to the Company. At the same time, two serious work stoppages occurred in our own operations. Our largest plywood mill was strike-bound for 14 weeks and a smaller one for 14 days.

We estimate that the revaluation of the Canadian dollar, on a yearly basis, has reduced our net profit, before taxes, on export sales by \$1,000,000.

COST EFFICIENCY

With regard to areas that could be influenced by management action, cost efficiency programs were intensified during the year. For example, a highly automated plywood assembly system was installed in one of our major West Coast plywood plants. Productivity was also increased in our other large B.C. plywood mills, in our sawmills, and in our logging camps by using more efficient machinery and plant layout, and by more effective work methods.

FINANCE

In order to strengthen our financial position, we continued throughout the year a major program of cash management and working capital reduction. Inventories were reduced by \$3,400,000 or 11 per cent below the level prevailing at the end of the previous year. Accounts receivable were reduced by \$4,200,000 or 23 per cent largely because of the decline in sales, but the quality of our accounts was maintained despite the difficult economic conditions faced by many of our customers in 1970. As a result of these and other economies, bank loans during the year were reduced by \$6,100,000, from \$14,300,000 to \$8,200,000.

the Second World War, he served as a major on the general staff of the First Canadian Army and was awarded an MBE during service in northwest Europe.



ROGER MONTGOMERY

Mr. Montgomery came to Weldwood in 1967 as executive vice-president in charge of operations and was appointed president in 1968. He joined Weldwood's parent company in 1949 as an internal auditor, acquiring a thorough knowledge of its financial, logging, manufacturing and sales operations through advancing to positions of ever-increasing responsibility. Prior to coming to Canada, he was vice-president in charge of West Coast manufacturing of U.S. Plywood-Champion Papers.

In his capacity as president & chief operating officer of the building materials group of U.S. Plywood-Champion Papers, Mr. Montgomery has overall responsibility for the operations of four divisions which include U.S. Plywood, Weldwood of Canada, Lewers and Cooke, Hawaii, and a new diversified products division consisting of 10 operating companies.

CAPITAL EXPENDITURES

Because of poor business conditions, capital expenditures were kept to a minimum. Aside from \$5,142,000 for plant, equipment and timber holdings acquired with Canim Lake Sawmills Ltd. and M & W Logging Co. Ltd., capital expenditures, including logging roads, totalled only \$6,644,000, a reduction of \$2,294,000 from 1969.

MANUFACTURING

Manufacturing facilities were well maintained and a program of modernization was continued. Through the purchase of Canim Lake Sawmills Ltd. we acquired a plywood mill and two sawmills at 100 Mile House in the Central Interior Region of B.C. We started construction of a modern hardwood sawmill at Huntsville, Ont., which will be larger and more efficient than the facility it replaces.

Production in 1970 and that planned for 1971 are shown below:

	1970	1971
All lumber (feet, board measure)	346,000,000	390,000,000
Softwood Plywood (sq. ft., $\frac{3}{8}$ " basis)	431,000,000	524,000,000
Logs (board feet log scale)	499,000,000	621,000,000

TIMBER AND LOGGING

We have greatly strengthened our timber position in the Central Interior Region of B.C. through the acquisition of Canim Lake Sawmills. Their extensive timber holdings have been consolidated with Weldwood's to provide the basis for more economic logging operations in the area.

With the completion of the new sawmill at Huntsville, the Company will be able to utilize smaller and lower quality hardwood logs than presently required. This will result in much more efficient and increased utilization of our timber holdings in the Muskoka district of Ontario.

During the year, we continued our program of consolidating our B.C. Coast Logging operations into fewer but larger and more efficient units. We also made extensive improvements to housing and logging facilities at Gilford Island, Toba Inlet, Goat Lake and Clowhom.

The Company also intensified its reforestation program, planting some 800,000 seedlings. Weldwood has always maintained high forest management standards in order to preserve the natural environment and to protect, improve and increase the amount of timber in our Tree Farm Licences. Our timber reserves in B.C. and Ontario now stand at 12 billion board feet.

MARKETING

The Company has introduced changes in its domestic sales operations that have already begun to reduce costs and further improve delivery service through extending the operational range of the larger branches. In line with this policy, a large modern warehouse was opened in Kingston, and the branch warehouse facilities in Vancouver and Saskatoon were enlarged. In 1971 we plan to improve and increase our warehousing facilities in Toronto, Windsor, Thunder Bay, and are considering opening a warehouse in Victoria.

To strengthen our program of increasing export sales, we engaged Robert E. Howlett, who has had many years' experience in forest products export marketing. Mr. Howlett serves as Manager, Manufacturing Sales and Export Marketing.

During 1970, the Company increased its activities in the domestic market through promotions and broadened contacts in the dealer and industrial fields, with special emphasis on mobile home and travel trailer manufacturers. The marketing department also further increased our sales of building materials by concluding arrangements for the exclusive distributing rights of products made by other manufacturers requiring a strong and comprehensive distribution system across Canada.

CARIBOO PULP MILL

We are pleased to report that construction at Quesnel of the 750 ton-a-day bleached kraft pulp mill being built in equal partnership with Daishowa-Marubeni International Ltd. is proceeding on schedule. The magnitude of the project is described and pictured on page 13. Our partners and ourselves are determined that the mill will contain the most modern equipment and safeguards to control air and water pollution. Cariboo Pulp is spending an estimated \$6,000,000 toward that end. We are confident the mill, after it becomes fully operational in the last half of 1972, will begin to contribute substantially to our earnings.

The mill will make a major contribution to the economy and employment of Quesnel. In addition, our plans to use hog fuel from local sawmills to operate our highly efficient modern power boiler will help to reduce the air pollution now caused by the many small waste burners in the district.

EMPLOYEE RELATIONS

We would like to express our appreciation of the concerted effort made by our division and department managers and their staffs to control costs and improve efficiencies during a difficult year.

As the result of two-year settlements with the International Woodworkers of America, the Company's annual wages have increased by \$2,400,000 in the first year and \$4,800,000 in the second. These settlements occurred at a time when the depressed state of the market made it impossible to increase softwood lumber and plywood prices, which had fallen to levels one-third to one-half below those prevailing in the first half of 1969.

MANAGEMENT

Early in January, Gordon Howell was appointed President & Chief Executive Officer, replacing Roger Montgomery who has been named President & Chief Operating Officer of the Building Materials Group of U.S. Plywood-Champion Papers Inc. Mr. Howell was also

elected to the Board of Directors, and appointed a member of the Management and Executive Committees of Cariboo Pulp & Paper Company. Sander P. Alexander, Vice-President, Finance, U.S. Plywood-Champion Papers Inc., has also been elected to Weldwood's Board of Directors.

Thomas A. Buell, formerly General Manager in charge of our Coast and Central Manufacturing Divisions, has been appointed Vice-President, Manufacturing. He assumes the responsibilities of the late James D. McCarthy who had served the Company with distinction since 1946.

With the retirement of Larry T. Marshall as Vice-President, Coast Logging, because of ill health, Esmond R. Preus was appointed to that position. Geoffrey H. Tullidge retired during the year. He had contributed a great deal to the growth of the Company during many years of service as Vice-President, Sales, and continues as a Director.

FORECAST

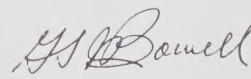
The Company is in an excellent position to take advantage of opportunities during 1971. As already mentioned, we have expanded both lumber and plywood capacity in anticipation of increased demand. Estimates on housing starts in the United States range between 1,700,000 to 1,800,000 units, compared with 1,400,000 in 1970. In Canada, 1971 forecasts are for 210,000 to 215,000 units, compared with 190,500 in 1970. Since all major labor contracts will prevail during 1971, we expect continuous production throughout the year.

The long-range outlook for growth in the markets served by Weldwood is also excellent. The priorities of our society include more and better housing, better education and schools, more leisure time, with facilities for travel, vacation homes and trailers, as well as urban renewal, with improved facilities for transportation, shopping, recreation, and other amenities. All of these major priorities are growth areas for an increasing demand for lumber, plywood, and our other building products.

We are confident that Weldwood, in the years ahead, will play an increasingly important role in supplying the products and services needed for this dynamic growth.



ROGER MONTGOMERY
Past President



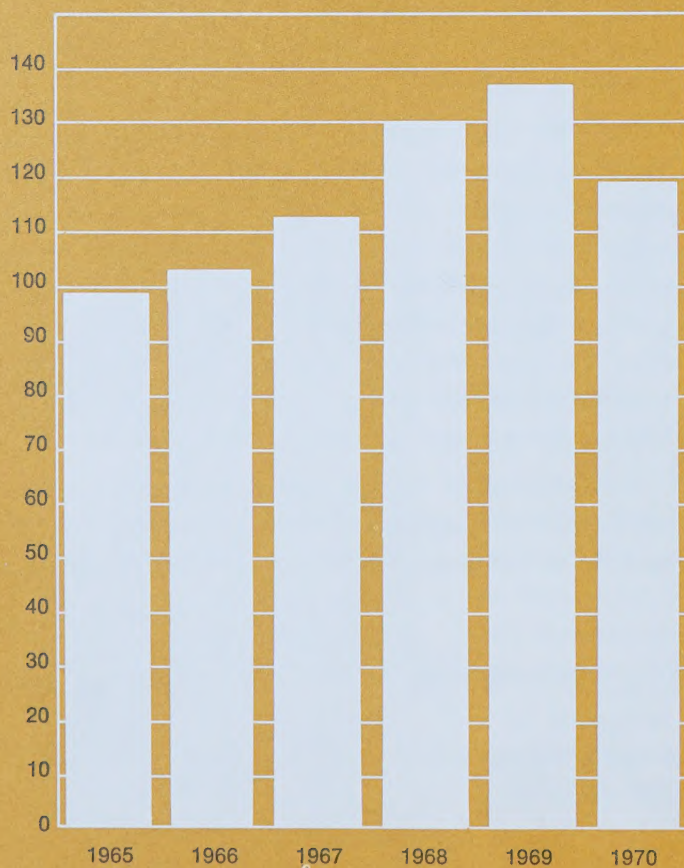
GORDON HOWELL
President

DISTRIBUTION OF SALES DOLLAR

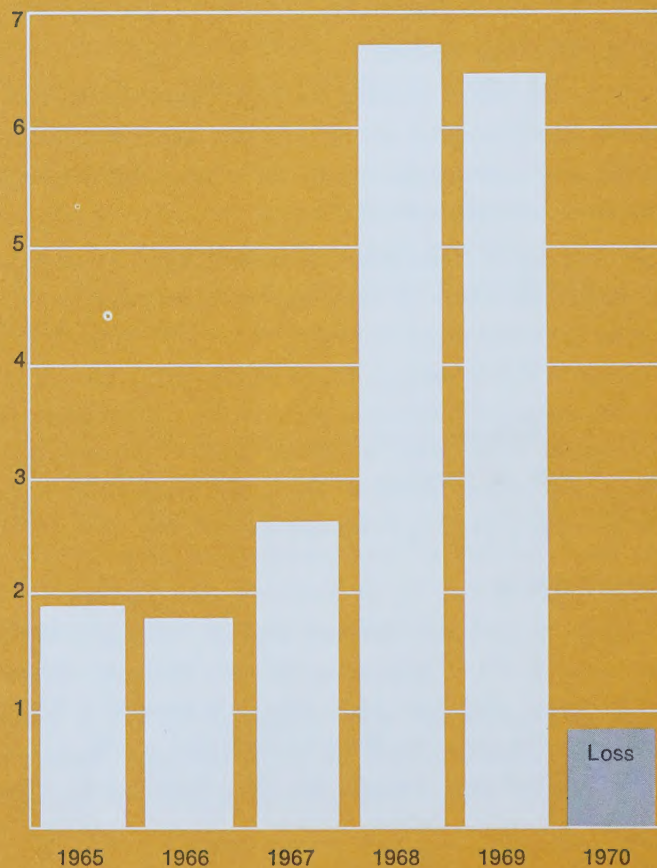
Year Ended December 31, 1970

	IN THOUSANDS OF DOLLARS				%	
	Domestic	U.S.	Overseas	Total	1970	1969
Plywood — softwood	35,852	21	6,289	42,162	35.2	38.4
— hardwood	15,542	144	2	15,688	13.1	13.4
	51,394	165	6,291	57,850	48.3	51.8
Veneer	238	1,594	—	1,832	1.6	1.0
Lumber — softwood	10,620	12,076	10,298	32,994	27.5	24.2
— hardwood	1,306	1,047	4	2,357	2.0	2.2
	11,926	13,123	10,302	35,351	29.5	26.4
Logs	8,282	—	—	8,282	6.9	8.3
Other products	15,786	394	253	16,433	13.7	12.5
TOTAL	87,626	15,276	16,846	119,748	100.0	100.0
% — 1970	73.2	12.7	14.1	100.0		
— 1969	74.7	14.0	11.3	100.0		

NET SALES IN MILLIONS OF DOLLARS



NET INCOME IN MILLIONS OF DOLLARS



(Incorporated under the laws of British Columbia)

CONSOLIDATED INCOME

YEARS ENDED DECEMBER 31	1970	1969
Sales	<u>\$119,748,000</u>	<u>\$137,078,000</u>
Costs:		
Cost of sales	105,302,000	107,900,000
Selling, shipping and warehouse	7,259,000	7,218,000
General and administrative	7,592,000	7,616,000
Remuneration to directors	195,000	150,000
Interest expense — current	1,142,000	653,000
— long term	876,000	872,000
	<u>122,366,000</u>	<u>124,409,000</u>
	(2,618,000)	12,669,000
Other Income:		
Gain on the disposal of fixed assets	87,000	620,000
Interest income	261,000	263,000
Other	<u>299,000</u>	<u>482,000</u>
Income (loss) before income taxes	(1,971,000)	14,034,000
Provision for (recovery of) income taxes	(1,041,000)	7,719,000
Net income (loss)	<u>\$(930,000)</u>	<u>\$ 6,315,000</u>
Net income (loss) per Common and Ordinary Share (Note 7)	<u>\$(0.46)</u>	<u>\$1.98</u>
Costs Include the Following:		
Depreciation	\$ 3,052,000	\$ 2,869,000
Depletion	1,610,000	1,542,000
Amortization of logging roads	1,443,000	1,624,000
Amortization of other assets	<u>57,000</u>	<u>57,000</u>
	<u>\$ 6,162,000</u>	<u>\$ 6,092,000</u>

CONSOLIDATED RETAINED EARNINGS

YEARS ENDED DECEMBER 31	1970	1969
Balance at beginning of year	\$ 18,018,000	\$ 12,392,000
Net Income (loss)	(930,000)	6,315,000
	<u>17,088,000</u>	<u>18,707,000</u>
Deduct dividends paid or accrued:		
Preference shares	469,000	289,000
Common shares	<u>400,000</u>	<u>400,000</u>
	<u>869,000</u>	<u>689,000</u>
Balance at end of year (Note 6)	<u>\$ 16,219,000</u>	<u>\$ 18,018,000</u>

The accompanying notes are an integral part of these financial statements.

(Incorporated under the laws of British Columbia)

CONSOLIDATED**ASSETS**

	December 31	1970	1969
CURRENT:			
Short term deposits		\$ 159,000	\$ 1,624,000
Accounts receivable		13,797,000	18,021,000
Accounts receivable from affiliate		—	356,000
Income taxes recoverable		1,497,000	—
Inventories (Note 2)		28,398,000	31,800,000
Prepaid expenses		597,000	498,000
		<u>44,448,000</u>	<u>52,299,000</u>
INVESTMENTS AND DEFERRED COSTS:			
Timber deposits		414,000	473,000
Long term receivables		603,000	603,000
Investment in Cariboo Pulp & Paper Company (Note 8)		706,000	984,000
Investment in 50% owned companies (Note 1)		224,000	221,000
Financing expenses		479,000	500,000
Other		77,000	238,000
		<u>2,503,000</u>	<u>3,019,000</u>
TIMBER HOLDINGS AND LOGGING DEVELOPMENT (Notes 1 and 3):			
Timber holdings		11,953,000	9,505,000
Logging development		5,477,000	4,738,000
		<u>17,430,000</u>	<u>14,243,000</u>
PLANT, PROPERTY AND EQUIPMENT (Notes 1 and 3)		66,486,000	58,525,000
Less accumulated depreciation		36,044,000	29,803,000
		<u>30,442,000</u>	<u>28,722,000</u>
		<u>\$94,823,000</u>	<u>\$98,283,000</u>

BALANCE SHEET

LIABILITIES

	December 31	1970	1969
CURRENT:			
Bank loans, secured		\$ 8,242,000	\$14,335,000
Accounts payable		5,440,000	4,508,000
Accounts payable to affiliate		692,000	—
Accrued liabilities		3,282,000	3,634,000
Income taxes payable		—	1,112,000
Current instalments of long term debt		<u>1,491,000</u>	<u>1,046,000</u>
		19,147,000	24,635,000
 LONG TERM DEBT (Note 4)		 13,124,000	 13,497,000
DEFERRED INCOME TAXES		6,700,000	<u>5,800,000</u>
 SHAREHOLDERS' EQUITY:			
Share capital (Note 5)		34,989,000	31,689,000
Contributed surplus — no change		4,644,000	4,644,000
Retained earnings (Note 6)		<u>16,219,000</u>	<u>18,018,000</u>
		55,852,000	54,351,000
 On behalf of the Board:			
ROGER MONTGOMERY, Director			
GORDON BOWELL, Director			
		 \$94,823,000	 \$98,283,000

The accompanying notes are an integral part of these financial statements.

(Incorporated under the laws of British Columbia)

CONSOLIDATED SOURCE AND USE OF FUNDS

YEARS ENDED DECEMBER 31	1970	1969
SOURCE OF FUNDS:		
Funds provided from operations:		
Net income (loss)	\$ (930,000)	\$ 6,315,000
Depreciation, depletion and amortization	6,162,000	6,092,000
Increase in deferred income taxes	900,000	100,000
	6,132,000	12,507,000
Sales and retirements of fixed assets	774,000	1,012,000
Preferred Shares (Note 5)	3,300,000	—
Other	459,000	151,000
	10,665,000	13,670,000
USE OF FUNDS:		
Plant, property and equipment	5,660,000	6,103,000
Timber holdings	4,085,000	1,036,000
Logging development	2,041,000	1,799,000
Reduction of long term debt	373,000	310,000
Dividends	869,000	689,000
	13,028,000	9,937,000
Increase (decrease) in working capital	(2,363,000)	3,733,000
Working capital, beginning of year	27,664,000	23,931,000
Working capital, end of year	\$25,301,000	\$27,664,000

The accompanying notes are an integral part of these financial statements.

Note 1. Principles of Consolidation

The Company follows the practice of consolidating all wholly-owned subsidiaries. Investments in and advances to 50% owned companies are recorded at cost, adjusted for changes in their retained earnings since acquisition.

The unamortized excess of the purchase price of all the common shares of the wholly-owned subsidiary companies (Weldwood of Canada Sales Limited, Canim Lake Sawmills Ltd. and M. & W. Logging Co. Ltd.) over the book value of net assets, amounting to \$7,039,000, has been included on consolidation in timber holdings (\$5,788,000) and plant, property and equipment (\$1,251,000). The appraised value of timber holdings and plant, property and equipment is in excess of the carrying value. During the year ended December 31, 1970, \$238,000 of the excess was amortized and charged to income.

Note 2. Inventories

Inventories are stated at the lower of cost or net realizable value:

	1970	1969
Logs	\$ 9,609,000	\$10,694,000
Lumber	4,290,000	3,895,000
Veneer	1,676,000	2,625,000
Plywood	10,019,000	11,379,000
Other	2,804,000	3,207,000
	<u>\$28,398,000</u>	<u>\$31,800,000</u>

Note 3. Fixed Assets

A. Timber holdings and logging development:

	1970	1969
Timber Holdings — Cost	\$23,965,000	\$19,907,000
— Depletion	12,012,000	10,402,000
	<u>\$11,953,000</u>	<u>\$ 9,505,000</u>
Logging Development — Cost	\$13,158,000	\$10,976,000
Amortization	7,681,000	6,238,000
	<u>\$ 5,477,000</u>	<u>\$ 4,738,000</u>

B. Plant, property and equipment:

	1970		1969	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 4,759,000	\$ —	\$ 4,759,000	\$ 5,045,000
Buildings	16,620,000	8,397,000	8,223,000	6,014,000
Leasehold improvements	770,000	430,000	340,000	244,000
Machinery & equipment	35,887,000	23,386,000	12,501,000	12,016,000
Logging equipment	7,442,000	3,831,000	3,611,000	3,181,000
Construction in progress	1,008,000	—	1,008,000	2,222,000
	<u>\$66,486,000</u>	<u>\$36,044,000</u>	<u>\$30,442,000</u>	<u>\$28,722,000</u>

Note 4. Long Term Debt

Long term debt comprises:	1970	1969
6½% First Mortgage and Collateral Trust Bonds, Series B, due September 30, 1984	\$12,920,000	\$13,800,000
Other secured liabilities	1,695,000	743,000
	14,615,000	14,543,000
Less current instalments	1,491,000	1,046,000
	<u>\$13,124,000</u>	<u>\$13,497,000</u>

Instalments on long term debt payable each year for the next five years are:

1971	\$1,491,000	1974	\$880,000
1972	\$1,494,000	1975	\$880,000
1973	\$1,044,000		

Under the terms of the Trust Deed securing the 6½% First Mortgage and Collateral Trust Bonds, Series B:

- The Company pledged all of its tangible and intangible assets by way of fixed or floating charges securing the bonds.
- So long as any of the bonds are outstanding, the Company is prohibited from paying dividends (except stock dividends) or making any other distribution on any class of its shares except to the extent of 70% of the consolidated net earnings (defined in the Trust Deed securing the bonds) of the Company accumulated after April 1, 1964, plus \$1,600,000 and provided that any such dividend shall not have the effect of reducing consolidated tangible net worth (defined in the said Trust Deed) below \$22,500,000, or reducing consolidated working capital (defined in the said Trust Deed) below \$8,000,000. At December 31, 1970 the maximum dividends permitted by the Trust Deed were \$11,657,000.
- At the end of every six months up to and including March 31, 1984, the Company is to provide an amount of \$440,000 to redeem an equivalent amount of the outstanding bonds. The final payment for the bonds of \$1,040,000 is due on September 30, 1984.

Note 5. Share Capital

A. Authorized and Outstanding

The authorized and outstanding share capital at December 31, 1969 was as follows:

	Outstanding Share Capital	
	Number of Shares	Amount
5¼% Cumulative Redeemable Preference Shares, Series A with a par value of \$20 each; authorized 275,000 shares	275,000	\$ 5,500,000
Series B Preference Shares with a par value of \$20 each; authorized 225,000 shares	—	—
5½% Cumulative Redeemable Second Preference Shares with a par value of \$100 each; authorized 300,000 shares	—	—
Common Shares without nominal or par value; authorized 1,000,000 shares	800,000	8,752,000
Ordinary Shares without nominal or par value; authorized 3,000,000 shares	2,237,682	17,437,000
December 31, 1969		\$31,689,000

Changes in 1970:

- During 1970, the Company was authorized to issue an additional 1,000,000 Common Shares without nominal or par value.

- (ii) In addition, 55,000 5½ % Cumulative Redeemable Second Preference Shares with a par value of \$100 each were reclassified and subdivided into 220,000 \$1.50 Cumulative Redeemable Convertible Preference Shares without nominal or par value. These shares were issued in partial consideration for the common shares of Canim Lake Sawmills Ltd.
- | | | |
|-------------------|---------|---------------------|
| | 220,000 | 3,300,000 |
| December 31, 1970 | | <u>\$34,989,000</u> |

B. Special Provisions of Preference Shares

- (i) 5¼ % Cumulative Redeemable Preference Shares, Series A:
The redemption price is \$20 per share plus unpaid dividends accumulated to the date of redemption plus a premium on the sum of \$20 as follows:

- 5.25% if redeemed on or before March 15, 1971
- 4.25% if redeemed on or before March 15, 1976
- 3.25% if redeemed on or before March 15, 1981
- 2.25% if redeemed on or before March 15, 1986
- 1.25% if redeemed thereafter

- (ii) 5½ % Cumulative Second Preference Shares:
The redemption price is \$100 per share plus unpaid dividends accumulated to the date of redemption.

- (iii) \$1.50 Cumulative Redeemable Convertible Preference Shares:

Any holder can at his option at any time convert these shares on the basis of one common share for one redeemable convertible preference share.

The redemption price after June 15, 1980 is \$25.00 per share plus unpaid dividends accumulated to the date of redemption. The Company may redeem these shares at any time after June 15, 1975 for \$25.00 per share plus unpaid dividends if the common shares of the Company maintain a level of at least \$30.00 for a minimum of 90 consecutive days between June 15, 1975 and June 15, 1980 on the Vancouver or Toronto exchange.

C. Options to Purchase Common Shares

On July 14, 1970, the Company granted options to purchase 43,000 Common shares to certain full-time officers and key employees. The options were granted at 90% of the then prevailing market price and are exercisable cumulatively one-third after July 14, 1973, one-third after July 14, 1974, and the final one-third after July 14, 1975, but before July 13, 1980. A further 7,000 shares have been reserved from treasury for the granting of future options.

Note 6. Dividends

- A. Certain limitations are imposed on the payment of dividends on Common and Ordinary shares by the Trust Deed securing the 6½ % First Mortgage and Collateral Trust Bonds (see Note 4) and by the Underwriting Agreement of the 275,000 5¼ % Cumulative Redeemable Preference Shares, Series A.

- B. Under the terms of issue of the Ordinary and Common shares, dividends per share paid on Ordinary shares may not exceed dividends per share paid on Common shares from the date of issue but, where dividends paid on Ordinary shares are less than those paid on Common shares, dividends may be paid to the holders of Ordinary shares up to an amount equal to the total dividends on each Common share.

At December 31, 1970, dividends of \$3.125 per share had been paid on Common shares and no dividends had been paid on Ordinary shares. (Held entirely by U.S. Plywood-Champion Papers Inc.) Dividends of \$6,993,000 may be paid on Ordinary shares before further dividends on Common shares are necessarily declared.

Note 7. Earnings per Share

For the purposes of computing earnings per share, the net income or loss is adjusted for dividends paid on the 5¼ % Series A Cumulative Redeemable Preference Shares.

Furthermore, in computing earnings per share the net loss in 1970 has also been adjusted for dividends paid on the 220,000 Cumulative Redeemable Convertible Preference Shares which were issued on June 15, 1970.

Note 8. Commitments

- A. The Company and Daishowa-Marubeni International Ltd. have formed a partnership (Cariboo Pulp & Paper Company) to build a 750 ton-a-day bleached kraft pulp mill at Quesnel, British Columbia. The total cost of the project is estimated to be \$85,000,000 which will be provided by the partners jointly during 1971 and 1972.

- B. The Company is obligated to pay an annual rental of \$188,000 U.S. throughout the period ending December 31, 1987, under a leaseback agreement covering sixteen properties previously owned. The Company may repurchase any or all of the properties prior to the expiration of the lease upon payment of certain sums. \$1,628,000 U.S. represents the present value of the total consideration to be paid (computed at 9% rate) for annual rentals during the intervening period and to repurchase all the properties on December 31, 1987.

- C. The Company has entered into a lease agreement terminating March, 1990, for office space at an annual rental of \$200,000. The office space formerly occupied is now used to provide additional facilities required by the Vancouver Branch warehouse.

Note 9. Event subsequent to Date of Auditors' Report

By letter dated March 8, 1971 the Company has been requested by the Department of National Revenue to indicate reasons why a re-assessment should not be issued disallowing the interest expense of the 6½ % First Mortgage and Collateral Trust Bonds, Series B for the period March 10, 1966 to December 31, 1968. This disallowance, if effected, would involve additional taxes and interest of approximately \$1,600,000.

In the event that an assessment is levied, it is the Company's intention to appeal such assessment, as it is the opinion of legal counsel that the said interest is deductible from taxable income.

AUDITORS' REPORT

To the Shareholders of Weldwood of Canada Limited:

We have examined the consolidated balance sheet of WELDWOOD OF CANADA LIMITED (a British Columbia company) and subsidiaries as of December 31, 1970, and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the consolidated financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, retained earnings and source and use of funds present fairly the financial position of Weldwood of Canada Limited and subsidiaries as of December 31, 1970, and the results of their operations and the source and use of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada
January 17, 1971.

ARTHUR ANDERSEN & CO.,
Chartered Accountants.

CARIBOO PULP & PAPER PROJECT WELL UNDER WAY

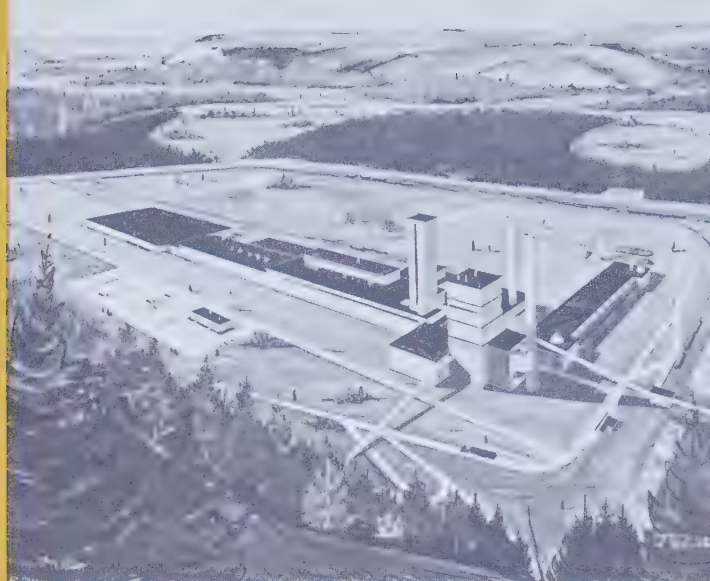
Cariboo Pulp & Paper Company, jointly owned in an equal partnership by Weldwood of Canada and Daishowa-Marubeni International Ltd., has already awarded contracts in excess of \$35 million for equipment and services and built a 500-foot long \$1 million railway bridge across the Quesnel river to link the mill-site with the mainline of the Pacific Great Eastern Railway.

Now under construction on a 680-acre site, the mill is ideally situated for its wood, electric power and natural gas requirements, as well as hog-fuel from nearby sawmills and water from the Quesnel river shown in the background of the sketch. Cariboo pulp, made from long-fibred spruce, Douglas fir and lodgepole pine, will have outstanding quality characteristics.

Placed end-to-end, the main buildings of the \$85 million project would extend a distance of about 1,300 feet, equal in length to four football fields. The continuous digester building will be 250-feet tall, the height of a 20-storey apartment house. For protection against weather, all facilities will be completely enclosed.

The company is striving to make the mill the most pollution free in North America. No other kraft pulp mill will have more efficient equipment to control particulate emissions and minimize odor. Every possible device or safeguard to assure continued control even in the event of malfunction of equipment or carelessness of an employee is being incorporated into both air and water pollution systems.

When the mill becomes operational in the last half of 1972, it will provide employment for 315 permanent mill employees with an annual payroll of \$3.4 million.



This is what the 750 ton-a-day bleached kraft pulp mill, now under construction at Quesnel, B.C., will look like when it becomes operational in the last half of 1972. The aerial photo below, taken by Peter Miller, editor of the Cariboo Observer, clearly shows the magnitude of the project.





These massive tractor-trailers, each capable of carrying 100 tons of logs, are ready to make the 16-mile trip from the Toba logging camp to tidewater at the head of Toba Inlet.



The Company has erected a number of attractive prefabricated homes in an architecturally designed logging community at Toba, 150 miles northwest of Vancouver. The townsite has its own air-strip, modern sewage treatment system, electric power and water supply and outdoor lighting systems. The Company has begun erecting similar single-family dwellings at Gilford Island.



WELDWOOD OF CANADA SALES LIMITED

Western division head office:

Vancouver

Branches:

Vancouver, Calgary, Edmonton, Regina, Saskatoon, Yorkton*, Winnipeg

Central division head office:

Toronto

Branches:

Thunder Bay, Sault Ste Marie*, Sudbury, Kirkland Lake, Windsor, London, Hamilton, Toronto, Orillia, Kingston

Eastern division head office:

Montreal

Branches:

Ottawa, Montreal, Sherbrooke, Trois-Rivières, Quebec, Saint John*, Dartmouth, St. John's*

*Depots



WELDWOOD OF CANADA LIMITED

MANUFACTURING DIVISIONS

COAST MANUFACTURING:

Ash Street: Specialty plywood plant in Vancouver. Produces hardwood plywood, graded poplar plywood, marine-grade plywood, woodgrain overlays, textured cedar sidings, Duraply overlaid sidings and other specialty products.

Empire Lumber: Large hemlock sawmill at Squamish, B.C., in a district where company has extensive timber holdings.

Flavelle Cedar: Large sawmill at Port Moody, B.C., specializing in Western Red Cedar lumber, sidings and panellings.

Kent Avenue: Plywood plant in Vancouver. Produces graded fir and select sheathing, long lengths and cut-to-size plywood and fir sidings.

Timberland Lumber: Sawmill in North Surrey, B.C., producing Douglas fir lumber and timbers in lengths up to 78 feet.

T-Ply: Plywood plant in North Surrey, B.C. Produces Douglas fir plywood, cut-to-size panels and door skins.

CARIBOO MANUFACTURING:

Largest single employer in the Central Interior region of B.C. Carries out logging operations in an area of more than 12,800 square miles.

Cariboo Plywood and Veneer: Largest fir and spruce plywood sheathing and veneer plant in the world at Quesnel.

Westree: Large spruce and fir planer and sawmill at Quesnel.

Canim Lake Sawmills: a subsidiary with a plywood plant, planer and two sawmills at 100 Mile House, as well as extensive timber holdings in the region.

CENTRAL MANUFACTURING:

Operates in Ontario with headquarters in Woodstock. Has extensive timber holdings in the province.

Huntsville: Hardwood flooring plant and sawmill.

Longlac: Large poplar and spruce plywood plant.

Searchmont: Veneer mill and sawmill.

Woodstock: Hardwood plywood and prefinishing plant.

COAST LOGGING

Administers and operates all logging activities associated with the company's extensive timber holdings on the mainland coast of British Columbia and on Vancouver Island.

WELDWOOD

PRODUCTS

Adhesives: Include Presto-Set white glue, Plastic Resin, Contact Cement, Epoxy Glue, Waterproof Resorcinol Glue, Panel Adhesive and Wallstrap Adhesive.

Doors: Interior and exterior doors in a wide range of species and styles for residential, commercial and institutional use; also architectural, acoustical and wood or plastic-faced fire doors carrying Underwriters' label.

Duraply: Medium-density, overlaid exterior-grade plywood with resin fibre surface for smooth, long-lasting paint finishes. For house siding, boats, etc.

Finishes and accessories: Weldwood Exterior Stains for both hardwood and softwood; Panel Guard for maintaining the beauty of prefinished paneling; Blend Sticks for filling nail holes.

Fir Plywood: Complete range of PMBC grades, sizes and thicknesses; long lengths, cut-to-size and marine grade.

Glasweld: Permanently colored, inorganic, incombustible panel for interior and exterior use. Available in more than 20 attractive colors.

Hardwood Plywood: In a wide range of species and thicknesses and in veneer; lumbercore and particlecore construction. Widely used in woodworking industry.

Lumber: Produced in a wide range of domestic softwood in British Columbia and in birch and maple in Ontario.

Flexwood: Thin, cloth-backed wood veneer especially recommended for curved wall surfaces.

Vinylgard: A vinyl-laminated lauan panel for mobile homes and other interior applications.

Particleboard: Available in thicknesses from $\frac{1}{16}$ " to $\frac{3}{4}$ ". Widely used as sheathing, low-cost paneling and many other purposes.

Permaply: A high-density, resin-fibre overlaid plywood, suitable for reusable concrete form, signs and many industrial products.

Prefinished Plywood: The company markets the greatest variety and most heavily promoted line of prefinished panels available in the deluxe, medium and economy-price range.

Readicut: Pre-cut $\frac{3}{4}$ " thick hardwood panels made specially for the home handyman.

Shakes and Shingles: Handsplit and tapersplit cedar shakes and cedar shingles.

Softwood Plywood: Made in all PMBC grades and sizes in our West Coast mills, including spruce sheathing.

Sidings: A complete line of cedar lumber sidings, as well as plywood sidings in fir, cedar and Duraply.

Wood-Trim: Real, flexible wood veneer in tape form for concealing plywood edges in furniture manufacture.

Mouldings and Trim: Softwood, hardwood and prefinished mouldings.



High forest management standards enable us to preserve the natural environment and protect, improve and increase the amount of timber in our Tree Farm Licences. As part of our reforestation program, we planted some 800,000 seedlings in 1970.

Adhésifs: Comprenant la colle blanche Presto-Set, colle Plastic Resin, colle Contact Cement, colle Epoxy, colle Resorcinol à l'épreuve de l'eau, le ciment pour panneaux et adhésif Wallstrap.

Portes: Intérieures et extérieures dans une gamme d'espèces et de styles pour les résidences, établissements commerciaux et les institutions; aussi les portes architecturales, acoustiques, et les portes coupe-feu à face de bois ou plastique portant l'étiquette des Underwriters' Laboratories.

Duraply: Contreplaqué imperméable recouvert de fibres de résine de densité moyenne, extra-lisse et idéale pour un fini peint, pour revêtement extérieur, bateaux, etc.

Produits de finition et accessoires: Teintures extérieures Weldwood pour le bois dur ou mou; Panel Award pour protéger la beauté des panneaux préfinis; Blend Stick pour remplir les trous de clous.

Contreplaqué de sapin: La gamme complète de qualités, dimensions et épaisseurs conformant aux normes du PMBC.

Glasweld: Panneau inorganique et incombustible pour installation intérieure ou extérieure, disponible en plus de 20 couleurs permanentes et attrayantes.

Contreplaqué de bois dur: Y compris, les panneaux fabriqués de placages, de coeurs en bois de sciage ou de planche en parties, dans une grande variété d'essences et d'épaisseurs. D'usage, en ébénisterie.

Bois de charpente: Produit en Colombie Britannique dans une gamme variée de bois mou et en Ontario en merisier et érable.

Flexwood: Placage mince laminé à toile, et recommandé surtout pour les surfaces murales courbées.

Vinylgard: Vinyl laminé au panneau de Lauan pour installation dans les maisons mobiles et pour autres applications.

Planches en particules: Disponibles en épaisseurs de $\frac{1}{16}$ " à $\frac{3}{4}$ ", Utilisées comme revêtement, lambris à bas prix et pour un grand nombre d'autres usages.

Permaply: Contreplaqué imperméable recouvert de fibres de résine d'une haute densité. Ces panneaux sont très utilisés pour faire des formes réutilisables, des enseignes et des produits industriels.

Panneaux préfinis: La compagnie offre la plus grande variété de panneaux en trois catégories de prix: de luxe, moyen et bas.

Readicut: Panneaux de bois dur (épaisseur: $\frac{3}{4}$ "), de grands pratiques, s'adaptent aux nombreux projets du bricoleur.

Bardeaux: Une gamme de bardeaux de cèdre rouge sciés ou éclatés.

Contreplaqué de bois mou: Fabriqué dans toutes les qualités et dimensions du PMBC à nos usines de la Côte Ouest, y compris le revêtement d'épingle.

Parements extérieurs: Une gamme complète de parements en bois de cèdre ainsi que de contreplaqués en sapin, cèdre et Duraply.

Wood-Trim: Placage de bois naturel en rouleaux, pour cacher les bords de contreplaqués en ébénisterie.

Moultures: De bois mou, de bois dur, et de bois préfinis.



WELDWOOD OF CANADA SALES LIMITED

Bureau-chef de l'ouest: Vancouver

Succursales: Vancouver, Calgary, Edmonton, Regina, Saskatoon, Yorkton*, Winnipeg

Bureau-chef central: Toronto

Succursales: Thunder Bay, Sault Ste Marie*, Sudbury, Kirkland Lake, Windsor, London, Hamilton, Toronto, Orillia, Kingston

Bureau-chef de l'est: Montréal

Succursales: Ottawa, Montréal, Sherbrooke, Trois-Rivières, Québec, Saint John*, Dartmouth, St. John's*

*Dépôts



WELDWOOD OF CANADA LIMITED

DIVISIONS MANUFACTURIÈRES

DIVISION MANUFACTURIÈRE DE LA CÔTE:

La rue Ash: Usine de spécialités en contreplaqué à Vancouver. Y sont fabriqués: contreplaqués de bois dur, contreplaqués de peuplier classifiés, contreplaqués marins, grain simulé de bois, parements de cèdre, parements d'une finition de densité moyenne.

Empire Lumber: Grande scierie de puche à Squamish, C.B., dans un district où la compagnie détient de vastes concessions forestières.

Flavelle Cedar: Grande scierie à Port Moody, C.B., où le cèdre rouge de l'ouest est transformé en bois de charpente et de parements et en panneaux.

Avenue Kent: Usine qui produit des contreplaqués de sapin Douglas en toutes catégories; aussi en longueurs spéciales ou coupées sur commande, et des revêtements de sapin.

Timberland: Scierie à North Surrey, C.B., où le bois de charpente sapin Douglas est coupé en longueurs allant jusqu'à 78 pieds.

T-Ply: Usine de contreplaqué à North Surrey, C.B., fabriquant des contreplaqués de sapin Douglas et des panneaux sur mesure.

DIVISION MANUFACTURIÈRE CARIBOO:

Le plus important employeur de l'intérieur central de la Colombie Britannique. Ses chantiers de coupe s'étendent sur une superficie de plus de 12,800 milles carrés.

Cariboo Plywood et Veneer: La plus grande usine au monde de placages et revêtements en contreplaqués de sapin Douglas et d'épinette.

Westree: Une grande usine de rabotage de sapin et d'épinette et une scierie à Quesnel.

Canim Lake Sawmills: Une filiale avec une usine de contreplaqué, une de rabotage, et deux scieries à 100 Mile House, importantes concessions forestières dans la région.

DIVISION MANUFACTURIÈRE CENTRALE:

Bureau-chef à Woodstock. Importantes concessions forestières de bois dur en Ontario.

Huntsville: Scierie et usine de bois dur à plancher.

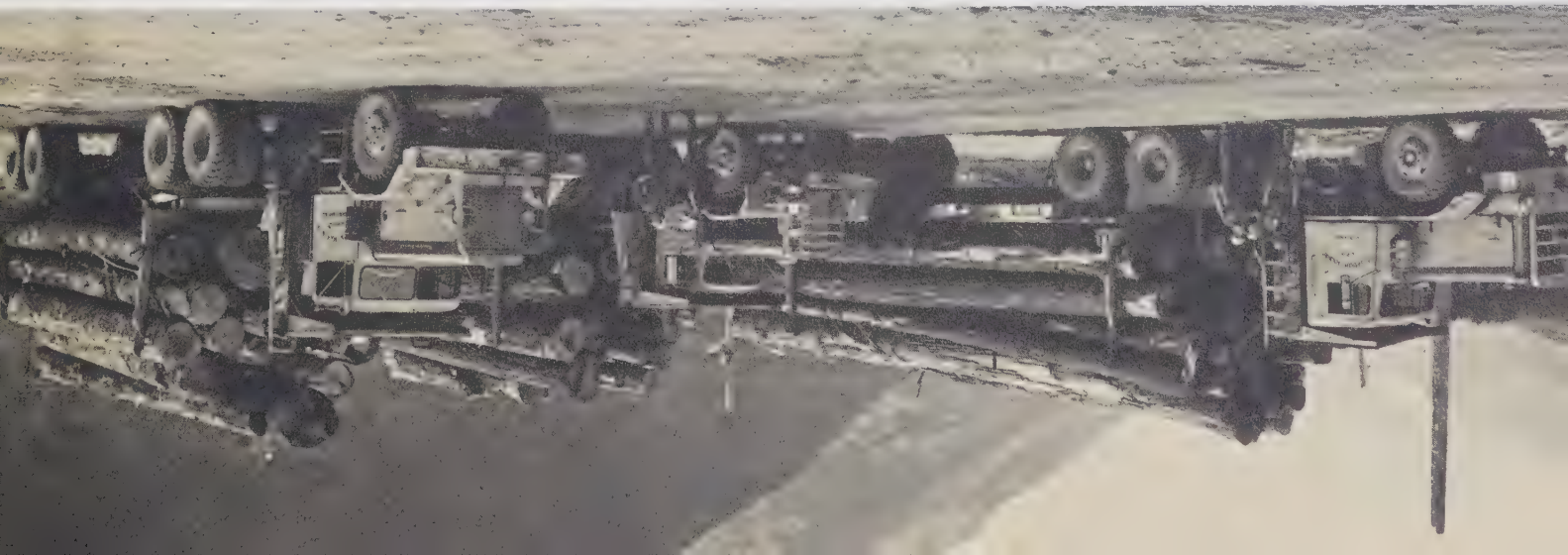
Longlac: Usine de contreplaqué de peuplier et épinette.

Searchmont: Usine de placage et scierie.

Woodstock: Usines de contreplaqués de bois dur et de finition.

COUPE CÔTIÈRE

Responsable de l'administration et de l'opération de tous les chantiers de coupe dans les concessions forestières de la compagnie sur la côte de la C.B. et sur l'île Vancouver.



Ces gros camions, chacun capable de transporter 100 tonnes de billes, sont prêts à faire le trajet de 16 milles du chantier à Toba à la tête de Toba Inlet.

Un nombre d'attrayantes maisons préfabriquées ont été érigées par la compagnie à Toba, un hameau en forêt, à 150 milles au nord-ouest de Vancouver. Conçu par un architecte, le hameau a sa propre piste d'atterrissage, ses systèmes modernes d'épuration et d'approvisionnement d'eau, d'énergie électrique et d'éclairage extérieur. La compagnie vient de commencer la construction de maisons similaires à Gifford Island.



CARIBOO PULP AND PAPER PROJET EN BONNE VOIE DE RÉALISATION

Cariboo Pulp & Paper Company, dont Weldwood of Canada et Daishowa-Marubeni International Ltd. détiennent chacune la moitié des capitaux, a déjà adjugé des contrats pour l'équipement et les services pour un montant supérieur à \$35 millions et construit un pont de chemin de fer de \$1,000,000 d'une longueur de 500 pieds au-dessus de la rivière Quesnel pour relier l'usine au réseau ferré de la Pacific Great Eastern Railway.

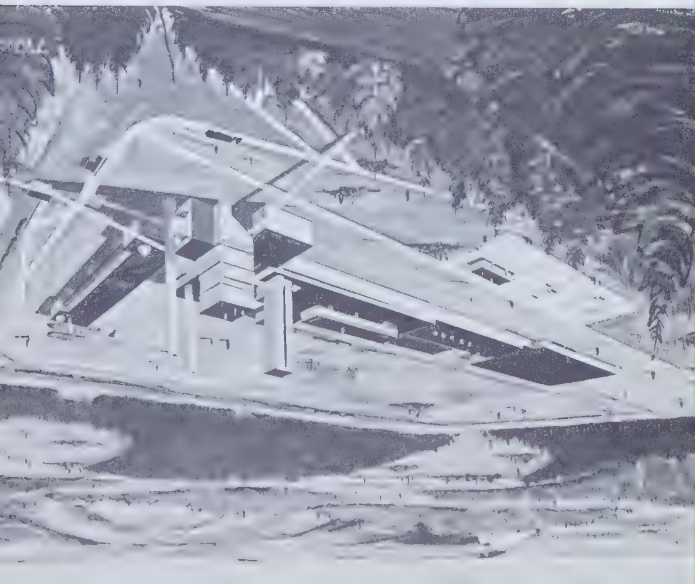
En cours de construction sur un emplacement de 680 acres, l'usine est idéalement située pour ses besoins en bois, en énergie électrique et en gaz naturel ainsi que pour les déchets de bois des scieries voisines et l'eau de la rivière Quesnel qui apparaît sent à l'arrière plan du dessin. La pulpe Cariboo, fabriquée à partir de l'épinière à longues fibres, du sapin Douglas et du pin lodgepole, aura des caractéristiques de qualité supérieure.

Placés bout à bout les bâtiments principaux de ce projet d'un montant de \$85 millions auraient une longueur de 1300 pieds environ, c'est à dire la longueur de quatre terrains de football. Le bâtiment du digesteur à activité continue aura une hauteur de 250 pieds, l'équivalent d'un immeuble de 20 étages. En vue de la protection contre les intempéries, les installations seront entièrement à couvert.

La Compagnie s'efforce de faire cette usine la mieux équipée contre la pollution de l'Amérique du Nord. Aucune autre usine de pulpe Kraft ne sera dotée d'un équipement plus efficace pour contrôler les émissions de particules et minimiser les odeurs. Tous les dispositifs ou sécurités possibles, pour assurer une surveillance continue, même dans le cas d'un fonctionnement défectueux de l'équipement ou de la négligence d'un employé, seront incorporés dans les systèmes de contrôle de la pollution de l'eau et de l'air.

Lorsque l'usine entrera en activité dans la deuxième moitié de 1972, elle procurera un travail permanent à 315 employés d'usine et distribuera annuellement des salaires pour un montant de \$3.4 millions.

Voici comment on envisage l'usine de pulpe tenant en construction à Quesnel, C.B. L'usine sera en opération dans la dernière partie de 1972. La photo aérienne au-dessous, prise par M. Peter Miller, rédacteur, Cariboo Observer, démontre clairement la magnitude du projet.



RAPPORT DES VÉRIFICATEURS

Aux actionnaires de Weldwood of Canada Limited:

Nous avons examiné le bilan consolidé de WELDWOOD OF CANADA LIMITED (incorporée en vertu des lois de la Colombie Britannique) et ses filiales au 31 décembre 1970 et les états consolidés de revenu, de bénéfices non répartis et de source et d'emploi des fonds pour l'année terminée à date. Notre examen s'est effectué conformément aux normes de vérification généralement reconnues et a comporté en conséquence tels sondages des livres et pièces comptables et tels autres procédés de vérification que nous avons jugés nécessaires dans les circonstances. Nous avons déjà examiné et fait rapport sur les états financiers consolidés de l'année précédente. A notre avis, le bilan consolidé et les états consolidés de revenu, de bénéfices non répartis et de source et d'emploi des fonds ci-annexés présentent équitablement la situation financière de Weldwood of Canada Limited et ses filiales au 31 décembre 1970, et les résultats de leurs opérations et la source et l'emploi des fonds pour l'année terminée à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'année précédente.

Vancouver, Canada
le 17 janvier 1971.

ARTHUR ANDERSEN & CO.,
Comptables Agréés.

Note 6. Dividendes
A. Certaines restrictions sont imposées au paiement de dividendes sur les actions communes et ordinaires par l'Acte de Fiducie garantissant les obligations de 6 1/2 % gagées par première hypothèque et nantissement (voir Note 4) et par la convention de souscription à forfait des 275,000 actions privilégiées, série A, rachetables, 5 1/4 % cumulatif.
B. Selon les clauses d'émission des actions communes et ordinaires, les dividendes payés par action ordinaire ne peuvent excéder les dividendes payés par action commune à

C. Droit d'Option d'Acheter des Actions Communes
Le 14 juillet 1970, la compagnie a accordé le droit d'acheter 43,000 actions communes à certains officiers à plein temps et employés-clés. Les options étaient accordées à 90 pour cent du prix courant du marché à cette date et elles peuvent s'exercer au rythme d'un tiers après le 14 juillet 1973, d'un second tiers après le 14 juillet 1974 et d'une dernier tiers après le 14 juillet 1975, mais avant le 13 juillet 1980. Un nombre additionnel de 7,000 actions sont réservées pour l'action d'achats futurs.

Tout détenteur peut à sa discrétion en tout temps convertir ces actions au taux d'une action commune pour chaque action privilégiée convertible et rachetable. Le prix de rachat après le 15 juin 1980 est de \$25.00 l'action plus les dividendes non payés accumulés à la date de rachat. La compagnie aura le droit de racheter ces actions en tout temps après le 15 juin 1975 à raison de \$25.00 par dinaires de la compagnie se maintiennent au moins \$30.00 pendant 90 jours consécutifs à la Bourse des Valeurs de Vancouver ou de Toronto entre le 15 juin 1975 et le 15 juin 1980.

(ii) Actions de second privilège, 5 1/2 % cumulatif:
Le prix de rachat est de \$100 l'action plus les dividendes non payés accumulés à la date de rachat.
Actions au taux cumulatif de \$1.50, rachetables:
(iii) Actions de second privilège, 5 1/2 % cumulatif:
Le prix de rachat est de \$20 l'action plus les dividendes non payés accumulés à la date de rachat, plus une prime sur la somme de \$20 répartie comme suit:
5.25% si le rachat a lieu le ou avant le 15 mars 1971
4.25% si le rachat a lieu le ou avant le 15 mars 1976
3.25% si le rachat a lieu le ou avant le 15 mars 1981
2.25% si le rachat a lieu le ou avant le 15 mars 1986
1.25% si le rachat a lieu plus tard.

B. Classes Particulières des Actions Privilégiées
(i) Actions privilégiées, rachetables, 5 1/4 % cumulatif, série A:
Le prix de rachat est de \$20 l'action plus les dividendes non payés accumulés à la date de rachat, plus une prime sur la somme de \$20 répartie comme suit:

(iii) 55,000 actions de second privilège, rachetables, 5 1/2 % cumulatif, d'une valeur au pair de \$100 chacune furent reclassifiées et sous-réparties en 220,000 actions, au taux cumulatif de \$1.50, rachetables, sans valeur au pair ou nominale. Ces actions furent émises en paiement partiel pour les actions communes de Canim Lake Sawmills Ltd.	31 décembre 1970	\$34,989,000
220,000	3,300,000	

Le ministre du revenu national, dans une lettre datée du 8 mars 1971, prît la compagnie de donner les raisons pour lesquelles une réimposition ne devrait pas être levée rejeant les frais du montant de l'intérêt des obligations de 6 1/2 % gagées par première hypothèque et nantissement, série B, pour la période du 10 mars 1966 au 31 décembre 1968. Ce rejet de frais, si réalisé, entraînerait des impôts et des intérêts additionnels d'un montant approximatif de \$1,600,000.
Dans le cas où une imposition serait levée, la compagnie se propose de faire appel à une telle imposition puisque selon l'opinion du conseiller juridique, le dit intérêt peut être déduit d'un revenu imposable.

Note 9. Evénements postérieurs à la date du rapport des vérificateurs

A. La compagnie et Daishowa-Marubeni International Ltd. ont formé une société (Cariboo Pulp & Paper Company) pour la construction d'une usine de pulpe (procédé Kraft) d'une capacité de 750 tonnes par jour à Quesnel, C.B. Il est prévu que le coût total du projet atteindra \$85,000,000 à être copartagé par les deux associés en 1971 et 1972.
B. En vertu d'un contrat de vente-location portant sur seize entrepôts, autrefois propriété de la compagnie, cette dernière s'est engagée à payer un loyer annuel de \$188,000 (E.-U.) durant la période allant jusqu'au 31 décembre 1987. Moyen-nant le paiement de certaines sommes, la compagnie peut racheter n'importe laquelle ou toutes les propriétés avant l'expiration du bail. La somme de \$1,628,000 (E.-U.) représente la valeur actuelle des versements qui devront être payés (calculés au taux de 9%) sous forme de loyers annuels pendant la durée du bail et le prix de rachat de l'ensemble des propriétés le 31 décembre 1987.
C. La compagnie a signé un bail, terminant mars 1990, comportant un loyer annuel de \$200,000 pour la location de locaux pour ses bureaux. Les locaux occupés autrefois pourvoient l'espace additionnel exigé pour l'entrepôt de la succursale à Vancouver.

Note 8. Engagements

Dans le besoin de calculer le revenu par action, le net profit ou perte est ajusté pour les dividendes payés sur les actions privilégiées, Séries A, rachetables, 5 1/4 % cumulatif. De plus, dans le calcul du revenu par action la perte nette en 1970 a été ajustée aussi sur les 220,000 actions privilégiées convertibles cumulatives et rachetables émises le 15 juin 1970.

Note 7. Revenu par action

compter de la date d'émission; cependant là où les dividendes payés sur les actions communes, des dividendes peuvent être payés sur les actions ordinaires jusqu'à concurrence d'une somme égale au total des dividendes payés sur chaque action commune.
Au 31 décembre 1970, des dividendes au montant de \$3.125 par action commune avaient été payés, mais aucun dividende n'avait été payé sur les actions ordinaires (entièrement détenues par U.S. Plywood-Champion Papers Inc.). Des dividendes de \$6,993,000 peuvent être payés sur les actions ordinaires avant qu'il soit nécessaire de déclarer des dividendes additionnels sur les actions communes.

Note 1. Principes de consolidation

La compagnie a adopté la politique de consolider toutes ses filiales à part entière. Les placements dans les compagnies détenues à 50% ainsi que les avances consenties à ces dernières sont comptabilisés au coût, compte tenu des changements survenus dans les bénéfices non répartis depuis l'acquisition de ces placements.

Le solde non amorti de \$7,039,000 représentant l'excédent du coût de l'ensemble des actions communes de toutes les filiales à part entière (Weildwood of Canada Sales Limited, Canim Lake Sawmills Ltd. et M. & W. Logging Ltd.) a été ajouté aux concessions forestières (\$5,788,000) et usines, biens-fonds et outillage (\$1,251,000) pour fin de consolidation. L'évaluation des concessions forestières et des usines, biens-fonds et outillage est supérieure à leur valeur comptable. Au cours de l'année terminée le 31 décembre 1970, un montant de \$238,000 a été amorti et imputé aux revenus.

Note 2. Stocks

Les stocks sont évalués au plus bas du coût ou de la valeur nette de réalisation:

	1970	1969
Billes	\$ 9,609,000	\$10,694,000
Bois de sciage	4,290,000	3,895,000
Bois de placage	1,676,000	2,625,000
Contreplaqué	10,019,000	11,379,000
Autres	2,804,000	3,207,000
	<u>\$28,398,000</u>	<u>\$31,800,000</u>

Note 3. Immobilisations

A. Concessions et développements forestiers:

	1970	1969
Terre à bois — Coût	\$23,965,000	\$19,907,000
— Epuisement	12,012,000	10,402,000
	<u>\$11,953,000</u>	<u>\$ 9,505,000</u>

B. Usines, biens-fonds et outillage:

	1970	1969
Amortissement accumulé	\$ 4,759,000	\$ 5,045,000
Coût	—	8,223,000
	<u>\$ 4,759,000</u>	<u>6,014,000</u>

	1970	1969
Terrains	\$ 4,759,000	\$ 5,045,000
Bâtiments	16,620,000	8,397,000
Améliorations	770,000	430,000
Locatives	244,000	244,000
Machinerie et outillage	35,887,000	23,386,000
Outillage de coupe	7,442,000	3,831,000
Construction en cours	1,008,000	1,008,000
	<u>\$66,486,000</u>	<u>\$30,442,000</u>

Note 4. Dette à long terme

La dette à long terme comprend:

	1970	1969
Obligations gagées par première hypothèque et nantissement, 6 1/2 %, série B, remboursables le 30 septembre 1984	\$12,920,000	\$13,800,000
Autre passif garanti	1,695,000	743,000
Moins: les versements exigibles	14,615,000	14,543,000
	<u>\$13,124,000</u>	<u>\$13,497,000</u>

Note 5. Capital-actions

A. Autorisé et en circulation
Capital-actions autorisé et en circulation au 31 décembre 1969 était comme suit:

	Nombre d'actions	Montant
Capital-Actions autorisé et en circulation		

(iii) A la fin de chaque semestre jusqu'au 31 mars 1984 inclusivement, la compagnie devra prévoir une somme de \$440,000 pour le rachat d'un montant égal d'obligations alors en circulation. Le versement final de \$1,040,000 sur ces obligations sera exigible le 30 septembre 1984.

(iii) Tant qu'il y aura des obligations en circulation, il sera interdit à la compagnie de verser des dividendes (sauf des dividendes en actions) ou d'effectuer tout autre paiement ou distribution à aucune classe d'actions sauf jusqu'à concurrence de 70% des revenus nets consolidés (tels que définis dans l'Acte de Fiducie garantissant les obligations) accumulés par la compagnie après le 1er Avril 1964, plus \$1,600,000; et ceci, à condition qu'un tel dividende n'aura pas pour effet de diminuer la valeur tangible nette consolidée (telle que définie dans l'Acte de Fiducie), une valeur inférieure à \$22,500,000, ou de diminuer le fonds de roulement consolidé (tel que défini dans l'Acte de Fiducie) à une valeur inférieure à \$8,000,000. Au 31 décembre 1970, les dividendes maximum autorisés par l'Acte de Fiducie s'élevaient à \$11,657,000.

(i) La compagnie a nanté tous ses actifs tangibles et intangibles sous forme de charges fixes ou variables en garantie des obligations.

Selon les clauses de l'Acte de Fiducie, les obligations premières hypothéquées et nantissement de 6 1/2 %, Série B comportent des garanties comme suit:

1973	\$1,044,000
1972	\$1,494,000
1971	\$1,491,000
1974	\$880,000
1975	\$880,000

Les paiements à effectuer sur la dette à long terme pour les cinq prochaines années sont:

1973	\$1,044,000
1972	\$1,494,000
1971	\$1,491,000
1974	\$880,000
1975	\$880,000

(ii) En 1970, la compagnie fut autorisée d'émettre 1,000,000 actions communes additionnelles sans valeur au pair ou nominale. Modifications en 1970:

31 décembre 1969	\$31,689,000
3,000,000 actions autorisées au pair ou nominale;	2,237,682
Actions ordinaires sans valeur	17,437,000
actions autorisées	8,752,000
au pair ou nominale; 1,000,000	—
Actions communes sans valeur	—
300,000 actions autorisées	—
valeur au pair de \$100 chacune;	—
rachetables, 5 1/2 % cumulatif, d'une	—
Actions de second privilège,	—
225,000 actions autorisées	—
valeur au pair de \$20 chacune;	—
Actions privilégiées, série B, d'une	—
275,000 actions autorisées	275,000
au pair de \$20 chacune;	\$5,500,000
ables, 5 1/4 %, cumulatif, d'une valeur	—
Actions privilégiées, série A, rachat-	—
275,000 actions autorisées	—
valeur au pair de \$100 chacune;	—
300,000 actions autorisées	—
Actions communes sans valeur	—
au pair ou nominale; 1,000,000	—
Actions ordinaires sans valeur	8,752,000
actions autorisées	—
au pair ou nominale;	—
3,000,000 actions autorisées	17,437,000
31 décembre 1969	\$31,689,000

(i) En 1970, la compagnie fut autorisée d'émettre 1,000,000 actions communes additionnelles sans valeur au pair ou nominale.

Les notes ci-jointes font partie intégrante de ces états financiers.

PASSIF

le 31 décembre

EXIGIBILITÉS:

Emprunts de banque, garantis	\$ 8,242,000	\$14,335,000
Comptes à payer	5,440,000	4,508,000
Comptes à payer aux compagnies affiliées	692,000	—
Frais courus	3,282,000	3,634,000
Impôts sur le revenu à payer	1,491,000	1,112,000
Versements exigibles sur la dette à long terme	19,147,000	1,046,000
		24,635,000

DETTE À LONG TERME (Note 4)
IMPÔTS SUR LE REVENU REPORTÉS

13,124,000	13,497,000
6,700,000	5,800,000

AVOIR DES ACTIONNAIRES:

Capital-actions (Note 5)
Surplus d'apport — Inchangé
Bénéfices non répartis (Note 6)

34,989,000	31,689,000
4,644,000	4,644,000
16,219,000	18,018,000
55,852,000	54,351,000

Pour le conseil d'administration:
ROGER MONTGOMERY, Administrateur
GORDON BOWELL, Administrateur

\$94,823,000

\$98,283,000

Les notes ci-annexées font partie intégrante de ces états financiers.

ACTIF

DISPONIBILITÉS:		le 31 décembre		1970		1969	
Dépôts à court terme	\$ 159,000	13,797,000	18,021,000	356,000	—	1,497,000	28,398,000
Comptes à recevoir							597,000
Comptes à recevoir de compagnies affiliées							44,448,000
Impôts sur le revenu récupérables							52,299,000
Stocks (Note 2)							498,000
Frais payés d'avance							31,800,000
							—
							356,000
							18,021,000
							356,000
							—
							31,800,000
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BÉNÉFICES NON RÉPARTIS CONSOLIDÉS

LES ANNÉES TERMINÉES LE 31 DÉCEMBRE

1970	1969
\$119,748,000	\$137,078,000
105,302,000	107,900,000
7,259,000	7,218,000
7,592,000	7,616,000
195,000	150,000
1,142,000	653,000
876,000	872,000
122,366,000	124,409,000
(2,618,000)	12,669,000
87,000	620,000
261,000	263,000
299,000	482,000
(1,971,000)	14,034,000
(1,041,000)	7,719,000
(930,000)	\$ 6,315,000
\$(0.46)	\$1.98
\$ 3,052,000	\$ 2,869,000
1,610,000	1,542,000
1,443,000	1,624,000
57,000	57,000
\$ 6,162,000	\$ 6,092,000

Ventes

Coûts:

Coûts des ventes

Frais de vente, de livraison et d'entreposage

Frais généraux et d'administration

Rémunération des administrateurs

Intérêt — à court terme

— à long terme

Autres revenus:

Gains sur dispositions d'administration

Intérêt gagné

Autres

Profit (perte) avant impôts

Impôts sur le revenu (remboursement)

Revenu net (perte)

Revenu net (perte) par action commune et ordinaire (Note 7)

Les coûts incluent ce qui suit:

Amortissement

Epuisement

Amortissement des routes d'accès en forêt

Amortissement d'autres actifs

BÉNÉFICES NON RÉPARTIS CONSOLIDÉS

LES ANNÉES TERMINÉES LE 31 DÉCEMBRE

Soide, début de l'année

Revenu net (perte)

Déduire les dividendes versés ou à payer:

Actions privilégiées

Actions communes

Soide, fin de l'année (Note 6)

Les notes ci-annexées font partie intégrante de ces états financiers.

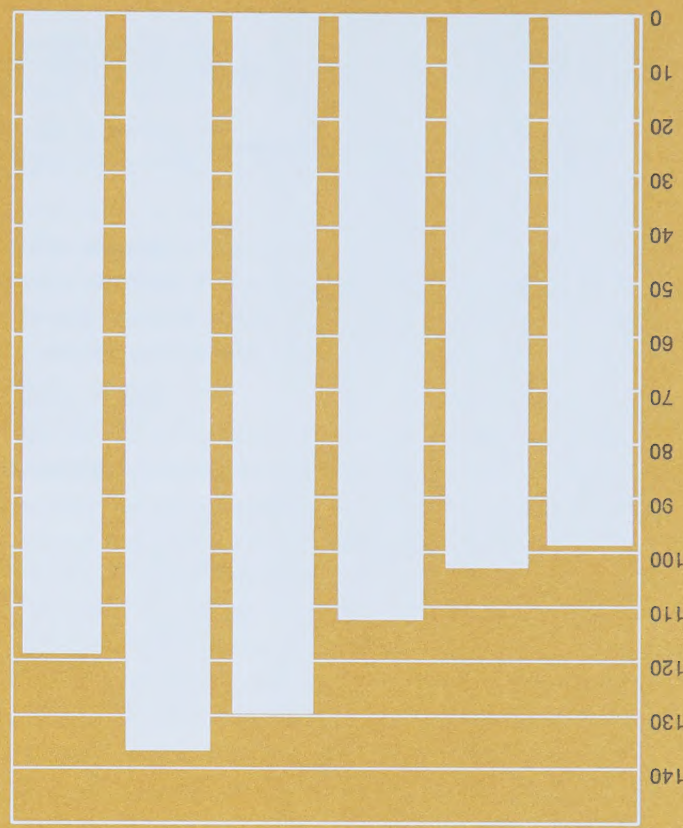
DISTRIBUTION DU DOLLAR DE VENTE

le 31 décembre 1970

	Canada	Etats-Unis	Outremer	Total	1970	1969
Contreplaqué — bois mou	35,852	21	6,289	42,162	35.2	38.4
— bois dur	15,542	144	2	15,688	13.1	13.4
Bois de placage	238	1,594	—	1,832	1.6	51.8
Bois de sciage — résineux	10,620	12,076	10,298	32,994	27.5	24.2
— feuillu	1,306	1,047	4	2,357	2.0	2.2
Billes	11,926	13,123	10,302	35,351	29.5	26.4
Autres produits	15,786	394	253	16,433	13.7	8.3
TOTAL	87,626	15,276	16,846	119,748	100.0	100.0
% — 1970	73.2	12.7	14.1	100.0		
— 1969	74.7	14.0	11.3	100.0		

EN MILLIERS DE DOLLARS

%



VENTES NETTES EN MILLIONS DE DOLLARS



REVENU NET EN MILLIONS DE DOLLARS

En 1970, la compagnie a augmenté ses activités au sein du marché domestique en stimulant les ventes chez les marchands de bois et les producteurs industriels, surtout parmi les fabricants de maisons mobiles et de roulottes. Notre service de mise en marché a aussi augmenté nos ventes de matériaux de construction en prenant des dispositions pour obtenir les droits exclusifs de distribution des manufacturiers qui ont besoin d'un réseau complet et versatile de distribution à travers le Canada.

USINE DE PULPE CARIBOO

Nous sommes heureux de rapporter que la construction d'une usine de pulpe de 750 tonnes par jour, que nous bâtissons conjointement avec Daishowa-Marubeni International Ltd. à Quesnel, s'effectue selon les prévisions. Il y a une description de l'envergure du projet à la page 13. Nos associés et nous, sommes résolus à doter l'usine des équipements les plus modernes pour contrôler la pollution de l'air et de l'eau. Pour parvenir à ce but, Cariboo Pulp dépensera environ \$6,000,000. Nous sommes persuadés que l'usine, à la fin de sa période de rodage dans la dernière partie de 1972, commencera à contribuer considérablement à nos bénéfices.

L'usine apportera une contribution majeure à l'économie et à l'emploi de Quesnel. En outre, notre intention d'utiliser comme carburant les déchets de bois des scieries de la région dans notre immense chaudière dotée d'équipements anti-polluants réduira la pollution de l'air causée maintenant par le grand nombre de petits brûleurs de déchets dans le voisinage.

RELATIONS PATRONALES-OUVRIÈRES

Nous désirons exprimer notre appréciation aux gérants et à leurs personnels pour les efforts constants pour le contrôle des coûts et pour l'amélioration de notre efficacité durant une année difficile.

Suivant les accords de deux ans négociés avec l'International Woodworkers of America, les salaires annuels de la compagnie ont augmenté de \$2,400,000 dans la première année et de \$4,800,000 dans la seconde. Ces accords se présentaient au moment où l'état déprimé du marché rendait impossible l'augmentation des prix du bois mou et du contreplaqué qui étaient tombés à un niveau d'un tiers à une moitié au-dessous de ceux en vigueur dans la première partie de 1969.

DIRECTION

Au début de janvier, M. Gordon Bowell fut nommé président et chef de la direction, remplaçant M. Roger Montgomery, maintenant président du Building Materials Group, U.S. Plywood-Champion Papers Inc. M. Bowell fut aussi élu au conseil d'administration, et désigné membre

des comités exécutif et de la direction de Cariboo Pulp & Paper Company. M. Sander P. Alexander, vice-président des finances, U.S. Plywood-Champion Papers Inc., fut aussi élu au conseil de Weldwood.

M. Thomas A. Buell, ancien gérant général de nos divisions manufacturières, centrale et celle de la côte, a été nommé vice-président de la production. Il assume les responsabilités du feu M. James D. McCarthy qui avait servi la compagnie avec distinction depuis 1946.

PERSPECTIVE

La compagnie est dans une position excellente pour profiter des bonnes possibilités du marché durant l'année 1971. Comme mentionné déjà, nous avons augmenté notre capacité de production de bois de charpente et de contre-plaqué en prévision d'un accroissement de la demande. Les prévisions du nombre de logements commencés aux Etats-Unis cette année varient entre 1,700,000 et 1,800,000, comparées à 1,400,000 en 1970. Au Canada, la prévision pour 1971 est de 210,000 à 215,000 unités, comparée à 190,500 en 1969. Puisque toutes les conventions collectives majeures prévaudront en 1971, nous anticipons une production continue pour l'année.

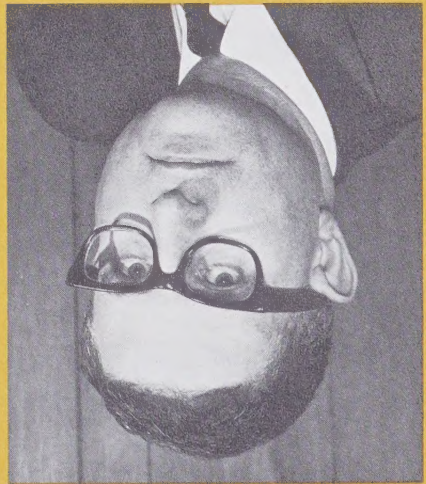
A long terme, les perspectives d'accroissement dans les marchés servis par Weldwood sont excellentes. La société réclame, comme priorités, de nombreuses et meilleures habitations, une meilleure instruction et de meilleures écoles, plus de temps à consacrer aux loisirs avec les disponibilités de voyages, des maisons de vacances et des roulottes, aussi bien que le renouvellement urbain par l'amélioration des installations de transport, de magasinage, de divertissement et autres commodités. Toutes ces priorités augmenteront la demande de bois de charpente, de contreplaqué et des autres matériaux de construction.

Nous croyons que Weldwood, dans les années à venir, jouera un rôle d'une importance croissante en approvisionnant les produits et les services requis pour cet accroissement dynamique.

Roger Montgomery
ROGER MONTGOMERY
Président sortant

Gordon Bowell
GORDON BOWELL
Président

ant durant la seconde guerre mondiale à l'état major général de la Première Armée Canadienne et fut décorné une M.B.E. pendant son service en Europe du Nord-Ouest.



ROGER MONTGOMERY

Mr. Montgomery est entré à Weldwood en 1967 en qualité de vice-président de l'exécutif chargé des opérations et il a été nommé président en 1968. Il est entré à la compagnie mère de Weldwood en 1949 comme expert-comptable du service interne, et a pu acquérir une connaissance complète des activités financières, de coupe de fabrication et de ventes de la compagnie à l'occasion des responsabilités croissantes qui lui ont été confiées. Avant de venir au Canada il était vice-président chargé de la fabrication de la Côte Ouest de U.S. Plywood-Champion Papers.

En sa qualité de président de Building Materials Group, U.S. Plywood-Champion Papers, Mr. Montgomery a la responsabilité générale des opérations de quatre divisions qui incluent U.S. Plywood, Weldwood of Canada, Lewers and Cooke, Hawaii, et d'une nouvelle division qui comprend 10 compagnies.

DÉBOURSÉS DE NATURE CAPITALE

A cause des mauvaises conditions d'affaires, nos déboursés de nature capitale furent minimisés. A part des \$5,142,000 pour usines, outillage, et concessions forestières acquises avec le Canim Lake Sawmills Ltd. et M & W Logging Co. Ltd., nos déboursés de capital, y compris ceux pour les routes d'accès en forêt, ne furent que de \$6,644,000, une réduction de \$2,294,000 sur l'année 1969.

PRODUCTION

Nos installations manufacturières furent bien entretenues et notre programme d'amélioration fut continué. Avec l'achat de Canim Lake Sawmills Ltd. nous avons acquis une usine de contreplaqué et deux scieries à 100 Mile House dans la région centrale intérieure de la Colombie Britannique. A Huntsville, Ont., nous avons commencée la construction d'une scierie moderne de bois franc qui sera plus grande et plus efficace que celle qu'elle remplacera.

La production en 1970 et celle projetée pour l'année 1971 se présentent comme ci-dessous:

	1970	1971
Bois de charpente (pieds de planche)	346,000,000	390,000,000
Contreplaqué de bois mou (pieds carrés, ¾")	431,000,000	524,000,000
Billes (pieds de planche)	499,000,000	621,000,000

BOIS ET COUPE

Nous avons fortement consolidé notre réserve de bois dans la région centrale intérieure de C.B. par l'acquisition de Canim Lake Sawmills. Leurs concessions forestières ont été amalgamées avec celles de Weldwood pour fournir la base d'une opération plus économique de coupe dans la région.

Avec l'achèvement de la nouvelle scierie à Huntsville, la compagnie pourra utiliser des billes de bois franc plus petites et d'une qualité inférieure à celles requises à présent. Ceci résultera en une utilisation plus efficace de nos concessions forestières dans le district de Muskoka en Ontario.

Pendant l'année, la compagnie a fait des améliorations considérables à ses chantiers et à ses installations de coupe à Gifford Island, Toba Inlet, Goat Lake et Clowhom.

La compagnie a aussi intensifié son programme de sylviculture en ensemençant 800,000 jeunes arbres. Weldwood a toujours maintenu un haut standard de gestion de ses forêts pour préserver l'environnement naturel et pour protéger, améliorer et augmenter la quantité de bois où nous avons des permis de coupe. Nos réserves en Colombie Britannique et en Ontario sont présentement de 12 milliards de pieds de planche.

MISE EN MARCHÉ

La compagnie a fait des changements dans ses opérations de ventes domestiques qui ont déjà commencé à réduire ses coûts et à améliorer le service de livraison par l'extension du champ d'activité de nos plus grandes succursales. Conformément à cette politique, nous avons ouvert un grand entrepôt moderne à Kingston et agrandi l'espace de nos entrepôts à Vancouver et Saskatoon. En 1971, nous allons améliorer et augmenter l'espace de nos entrepôts à Toronto, Windsor et Thunder Bay et nous avons l'intention d'ouvrir une succursale à Victoria.

Pour consolider notre programme de ventes d'exportation, nous avons engagé M. Robert E. Howlett qui a acquis beaucoup d'expérience dans l'exportation des produits de bois. M. Howlett occupe le poste de gérant de ventes des produits fabriqués et de la mise en marché des produits d'exportation.

Septième Rapport Annuel

Année terminée le 31 déc. - 1970

OF CANADA LIMITED

WELWOOD